

AR45











*Our refreshingly distinctive products are interwoven with today's life-styles and needs. They are always a little bit better which explains why Orange CRUSH is the most popular fruit drink in sixty countries and why HIRES has been the recognized leader in Root Beer since its introduction in 1870. GINI, a bitter-lemon tonic, which has been favourably received in the Canadian market, has recently enjoyed a remarkably successful introduction in France. Our newest product, SUN-DROP, added a unique taste treat to the CRUSH family of fine products. In keeping with our pledge, all four products are characterized by the highest standards of excellence.*



## CRUSH INTERNATIONAL LIMITED

### Board of Directors

DOUGLAS W. BEST	Toronto, Ont.
President, T. H. Best Printing Company Limited, Toronto, Ont.	
RALPH B. BRENNAN	Rothsay, N.B.
Chairman, G. E. Barbour Company Limited, Saint John, N.B.	
*LOUIS COLLINS	Evanston, Illinois
President, Crush International Limited, Toronto, Ont.	
*NELSON M. DAVIS	Toronto, Ont.
Chairman, N. M. Davis Corporation Limited, Toronto, Ont.	
WILLIAM J. H. DISHER	Toronto, Ont.
President, Frankel Structural Steel Ltd., Toronto, Ontario	
IAN R. DOWIE	Toronto, Ont.
Retired Executive	
HON. LOUIS P. GÉLINAS, M.B.E.	Montreal, P.Q.
Executive Consultant, Geoffrion, Robert & Gélinas, Co., Montreal, P.Q.	
JOHN A. McCLEERY, F.C.A.	Don Mills, Ont.
President, J. A. McCleery Limited, Toronto, Ont.	
*EDWIN C. McDONALD	New York, N.Y.
Chairman, The Royal Bank of Canada Trust Company, New York, N.Y.	
*PETER M. McENTYRE	Westmount, P.Q.
President, Commercial Trust Company Limited	
*D. A. McINTOSH, Q.C.	Toronto, Ont.
Partner, Fraser & Beatty, Toronto, Ont.	
ROBERT A. McNAIR	Toronto, Ont.
President, Bristol-Myers Canada Limited, Toronto, Ont.	
G. W. OWEN	Toronto, Ont.
Partner, Fraser & Beatty, Toronto, Ont.	
**J. M. THOMPSON	Willowdale, Ont.
Chairman of the Board, Crush International Limited, Toronto, Ont.	
(**Chairman of the Executive Committee)	
(* Member of the Executive Committee)	

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## ANNUAL MEETING

The Annual Meeting of our Shareholders will be held at the Royal York Hotel, 100 Front Street West, Toronto, at 11.30 o'clock in the morning, on Wednesday, February 23rd, 1972.



# CRUSH INTERNATIONAL

LIMITED

48TH ANNUAL REPORT, FISCAL YEAR ENDED NOVEMBER 3, 1971



## Report to Shareholders of

### Crush International Limited

Once again earnings for the year ended November 3, 1971 reached new highs. Net profit was \$2,805,295 or 67¢ per share. This is an increase of 16% over last year's earnings of 58¢ per share before extraordinary income in the current year. These results are most encouraging considering a year which was marked by a difficult economy and a strong inflationary trend.

All Divisions performed extremely well. While gross operating revenue amounting to \$35,908,877 showed only a slight increase over last year's amount of \$35,341,565, positive changes have been effected, which will be outlined below under the separate Divisions, and which have had a favourable effect on earnings.

#### Financial

The net earnings for the current year are expressed with the Canadian dollar at par with the U.S. dollar. The 67¢ per share figure does not include an item for extraordinary income arising from the renegotiation of our long-term bank loan. This amounted to \$133,250 or 3¢ per share. Working capital increased by \$1,312,259 and at the year end was \$8,271,426. Cash and short-term investments amounted to \$6,259,265. Subsequent to the balance sheet date for 1971, \$990,000 has been paid to reduce the long-term loan by \$390,000 and pay off the balance of the loan incurred for the purchase of Sun-drop amounting

to \$600,000. Shareholders' equity rose from \$13,249,757 to \$15,261,391. Net earnings (before extraordinary income) in relation to sales increased from 6.8% to 7.8%. Cost controls instituted throughout the Company together with adjustments in the selling price of certain products had the effect of offsetting the continually rising costs of glass, cans, sugar and labour. Income tax rates in Canada and the United States were slightly reduced during the year and in 1971 the consolidated rate was 45.3% vs. 48.4% for 1970.

#### Canada

The Canadian operation recorded a good increase in earnings over the previous year. Franchise sales to bottlers were affected in the west by the new ecology restrictions in British Columbia and generally poor weather conditions in other parts of the country. These factors were counteracted somewhat by the better-than-average fall season. Sugar prices have reached very high levels and adjustments in prices by the Soft Drink Industry were necessary to cover this item of cost and the new labour wage scales. The future of one-way containers in some provinces continues to give us concern and until provincial policies have been resolved it is difficult to forecast the year ahead. The Industry is taking the lead in making positive proposals to the various departments of government in an effort to put this problem in perspective.

#### Highlights of the Year

	1971	1970
Net Earnings before Taxes - - - - -	\$5,124,295	\$4,681,520
Provision for Income Taxes - - - - -	2,319,000	2,264,500
Net Earnings from Operations - - - - -	2,805,295	2,417,020
Earnings per Common Share - - - - -	.67	.58
Working Capital - - - - -	8,271,426	6,959,167
Common Shares Outstanding - - - - -	4,186,428	4,158,478



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### United States

Again the American operation performed well in both earnings and gross revenue, although the latter figures show only a small increase.

It was necessary to increase our advertising expenditures in many markets to meet competitive conditions. This expenditure was essential to protect our markets and our long-term earnings. This year's results, have absorbed this heavier-than-usual charge.

During the year in our Bottling Division the former policy of selling finished canned goods to bottlers was changed to a policy of selling concentrates to the bottlers thus allowing them to produce their own canned products. This product shift reduces our dollar volume by 10% but improves our earnings.

In our 1971 year we opened up 36 new franchises in the United States and closed or integrated 38 franchises.

Sugar and labour costs in the Fountain Division rose significantly and our studies indicated that a price increase was essential. The price increase put into effect resulted in a temporary decline in this department as competition did not follow our lead.

This year we had the full effect of sales in the Sun-drop Division which we acquired in 1970. Its development was significantly improved by a complete new packaging programme, realignment of the bottlers' territories and an improved advertising programme. We have created a very enthusiastic sales force which will result in steady growth for this fine product.

### International

The highlight of our International operations was the successful introduction into France in mid-1971 of GINI, our bitter-lemon tonic. GINI has made a most successful entry into this major market and the future looks very bright. We plan to move into other countries during the current fiscal year.

Orange CRUSH is doing well and growing steadily in Europe, the Middle East and Africa and we intend to open a number of new markets in 1972.

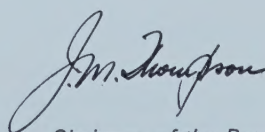
In South America serious problems exist in some countries because of import restrictions. We have enjoyed excellent sales to Chile over the years, however, the new government has taken over the local bottling operation and the future for our products in this market is unclear.

The Brazilian operations are doing extremely well and we are enlarging our distribution every year. Some funds are available from time to time from this blocked currency area and this must be looked upon on a yearly basis. Other countries where we operate in South America are showing marginal improvement. Our Central American markets without exception are moving ahead steadily, and while not a large area are contributing to our overall growth and distribution.

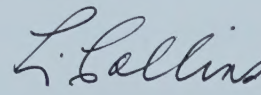
Our Mexican bottler had a prolonged strike during the height of the summer season which caused a decline in sales for the first time in many years. He is starting to recover now and as it is a major market for us we intend to work closely with our bottler in recovering our share of the market.

### General

The Company is in a healthy position and its overall performance is good. The financial position is strong and we are most enthusiastic with the general improvement in our quality of earnings and the extent of the opportunities that lie ahead. We again express our thanks to those who have made this growth possible—our employees—our bottlers and our customers. We look forward to continued support of our shareholders.



Chairman of the Board



President

December 16th, 1971.

# CRUSH INTERNATIONAL LIMITED

(Incorporated under the laws of Ontario)

and subsidiaries

ASSETS		1971	1970
CURRENT ASSETS			
Cash and short-term investments - - - - -		\$ 6,259,265	\$ 6,992,612
Accounts receivable - - - - -		2,908,107	2,728,100
Inventories—at lower of cost and net realizable value - -		3,385,049	3,494,449
Prepaid expenses and deferred charges - - - - -		381,736	394,032
		<u>12,934,157</u>	<u>13,609,193</u>
OTHER ASSETS			
9% Mortgage receivable—due July 31, 1974 - - - - -		211,836	300,518
Investment in shares of foreign subsidiaries not consolidated—at cost (note 1) - - - - -		27,105	27,105
		<u>238,941</u>	<u>327,623</u>
FIXED ASSETS			
Land, buildings, machinery and equipment—at cost - - -		8,201,058	8,124,174
Accumulated depreciation - - - - -		3,143,741	2,843,827
		<u>5,057,317</u>	<u>5,280,347</u>
TRADE MARKS, FORMULAE AND GOODWILL—at cost less amounts written off - - - - -		4,669,520	4,669,520
Signed on behalf of the Board, LOUIS COLLINS, Director D. A. McINTOSH, Director			
		<u>\$22,899,935</u>	<u>\$23,886,683</u>

## Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Crush International Limited and subsidiaries as at November 3, 1971 and the consolidated statements of earnings, retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.



# Consolidated Balance Sheet

AS AT NOVEMBER 3, 1971

LIABILITIES		1971	1970
CURRENT LIABILITIES			
Accounts payable and accrued liabilities - - - - -		\$ 3,597,475	\$ 4,780,668
Income and sundry taxes payable - - - - -		1,065,256	1,547,428
Current portion of long-term debt - - - - -		—	321,930
		<u>4,662,731</u>	<u>6,650,026</u>
LONG-TERM DEBT (note 2) - - - - -		2,975,813	3,986,900
		<u>7,638,544</u>	<u>10,636,926</u>
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (note 3)			
Authorized—			
90,000 preference shares of a par value of \$100 each, issuable in series			
9,000,000 common shares without par value			
Issued and fully paid—			
4,186,428 common shares (1970—4,158,478) - - - -		4,228,668	4,043,774
RETAINED EARNINGS - - - - -		11,032,723	9,205,983
		<u>15,261,391</u>	<u>13,249,757</u>
		<u>\$22,899,935</u>	<u>\$23,886,683</u>

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 3, 1971 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, December 13, 1971.

COOPERS & LYBRAND  
Chartered Accountants



**Consolidated Statement of Source and Use of Working Capital**

FOR THE YEAR ENDED NOVEMBER 3, 1971

	1971	1970
SOURCE OF WORKING CAPITAL		
Net earnings for the year - - - - -	\$2,938,545	\$2,495,940
Add:		
Charge not requiring cash outlay—		
Depreciation - - - - -	464,154	454,656
	3,402,699	2,950,596
Deduct:		
Profit on sale of fixed assets - - - - -	—	18,594
Total from operations - - - - -	3,402,699	2,932,002
Deferred accounts receivable - - - - -	—	35,921
Issue of capital stock - - - - -	184,894	74,705
9% Mortgage receivable - - - - -	88,682	378,506
Other - - - - -	—	3,874
	3,676,275	3,425,008
USE OF WORKING CAPITAL		
Dividends paid - - - - -	1,086,832	1,038,965
Long-term debt reduction - - - - -	1,011,087	756,950
Additions to fixed assets—net - - - - -	241,124	(657,166)
Adjustment of prior years' income taxes - - - - -	24,973	—
Purchase of trade marks and formulae - - - - -	—	1,077,500
	2,364,016	2,216,249
INCREASE IN WORKING CAPITAL - - - - -	1,312,259	1,208,759
WORKING CAPITAL—BEGINNING OF YEAR - - - - -	6,959,167	5,750,408
WORKING CAPITAL—END OF YEAR - - - - -	\$8,271,426	\$6,959,167



**Consolidated Statement of Earnings**

FOR THE YEAR ENDED NOVEMBER 3, 1971

	1971	1970
GROSS OPERATING REVENUE - - - - -	\$35,908,877	\$35,341,565
EARNINGS BEFORE THE UNDERNOTED ITEMS - - - - -	\$ 5,783,683	\$ 5,326,829
OTHER CHARGES (INCOME)		
Depreciation - - - - -	464,154	454,656
Returnable container expense - - - - -	320,852	200,029
Interest on long-term debt - - - - -	214,795	370,456
Income from short-term investments - - - - -	(340,413)	(361,238)
Profit on sale of fixed assets - - - - -	—	(18,594)
	659,388	645,309
	5,124,295	4,681,520
INCOME TAXES		
Current - - - - -	2,212,000	2,124,500
Deferred - - - - -	107,000	140,000
	2,319,000	2,264,500
NET EARNINGS FROM OPERATIONS BEFORE EXTRAORDINARY ITEMS -	2,805,295	2,417,020
EXTRAORDINARY ITEMS		
Gain on closing of Toronto bottling plant, less income taxes applicable thereto - - - - -	—	78,920
Gain on foreign exchange (Note 2) - - - - -	133,250	—
NET EARNINGS FOR THE YEAR - - - - -	\$ 2,938,545	\$ 2,495,940
EARNINGS PER SHARE (Note 4)		
Net earnings from operations before extraordinary items - -	\$ .67	\$ .58
Net earnings - - - - -	.70	.60

**Consolidated Statement of Retained Earnings**

FOR THE YEAR ENDED NOVEMBER 3, 1971

	1971	1970
RETAINED EARNINGS—BEGINNING OF YEAR - - - - -	\$ 9,205,983	\$ 7,749,008
Net earnings for the year - - - - -	2,938,545	2,495,940
	12,144,528	10,244,948
Dividends paid - - - - -	1,086,832	1,038,965
Adjustment of prior years' income taxes - - - - -	24,973	—
	1,111,805	1,038,965
RETAINED EARNINGS—END OF YEAR - - - - -	\$11,032,723	\$ 9,205,983



**Explanatory Notes to Consolidated Financial Statements**

FOR THE YEAR ENDED NOVEMBER 3, 1971

**1. PRINCIPLES OF CONSOLIDATION**

- (a) The financial statements include the accounts of Crush International Limited and all subsidiaries, except certain foreign subsidiaries whose accounts are not consolidated because foreign exchange restrictions apply.

During 1971 a dividend of \$66,148 was paid by an unconsolidated foreign subsidiary and is included in 1971 earnings. The earnings of unconsolidated foreign subsidiaries for the year were \$222,756 and their undistributed earnings since acquisition and not taken into the accounts of the Corporation were \$407,977 at November 3, 1971. Such earnings have been stated at the exchange rate prevailing at the balance sheet date.

- (b) United States dollars have been stated in Canadian dollars as follows:

- (i) Earnings, current assets, and current liabilities at par.  
(ii) Other assets and liabilities substantially at the rate prevailing when they were acquired or incurred.

**2. LONG-TERM DEBT**

Unsecured term bank loan repayable in annual instalments of U.S. \$390,000 from November 10, 1972 to 1976, with the balance of U.S. \$380,000 payable on November 10, 1977, bearing interest payable monthly at ½ of 1% above the New York prime rate—U.S. \$2,330,000	\$2,371,500
Unsecured bank loan due on December 15, 1972, bearing interest payable quarterly at ½ of 1% above the prime Chicago rate—U.S. \$600,000	604,313
Total Long-Term Debt	<u>\$2,975,813</u>

During the year a secured bank loan of U.S. \$2,330,000 was retired and was refinanced by the unsecured bank loan of U.S. \$2,330,000. A gain on foreign exchange of \$133,250 was realized and is included in earnings as an extraordinary item.

Subsequent to the year-end, the Corporation made the payment on the unsecured bank loan due November 10, 1972 of U.S. \$390,000 and repaid the unsecured bank loan due December 15, 1972 of U.S. \$600,000.

**3. CAPITAL STOCK**

Changes during the year in issued and fully paid common shares without par value were as follows:

	Number of Shares	\$
Balance—October 28, 1970	4,158,478	4,043,774
Issue of shares for cash pursuant to options held by the executive officers of the Corporation or its subsidiaries	27,950	184,894
Balance—November 3, 1971	<u>4,186,428</u>	<u>4,228,668</u>

Certain executive officers and key employees of the Corporation or its subsidiaries hold options exercisable at various dates on or before December 5, 1974 to purchase 80,300 common shares at prices ranging from \$8.70 to \$13.25 per share.

**4. EARNINGS PER SHARE**

Earnings per share have been calculated on the basis of the weighted average of shares outstanding.

The exercise of outstanding options to purchase common shares would not have a dilutive effect on 1971 earnings per share before extraordinary items or on net earnings per share.

**5. EXECUTIVE REMUNERATION**

The aggregate remuneration to the directors and senior officers amounted to \$298,646 (1970—\$265,644).



**Five Year Review**

<b>Operating Results</b>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>
Gross operating revenue - -	\$35,908,877	\$35,341,565	\$37,121,948	\$33,069,442	\$28,844,843
Earnings from operations					
before taxes - - - -	5,124,295	4,681,520	3,759,624	2,895,152	2,186,576
Provision for income taxes (1)	2,319,000	2,264,500	1,757,361	1,235,583	729,891
Net earnings from operations -	2,805,295	2,417,020	2,002,263	1,659,569	1,456,685
Dividends paid - - - -	1,086,832	1,038,965	634,101	547,589	546,588
<b>Financial Position</b>					
Current assets - - - -	12,934,157	13,609,193	10,793,942	9,005,254	7,699,862
Current liabilities - - - -	4,662,731	6,650,026	5,043,534	5,835,186	3,912,969
Working capital - - - -	8,271,426	6,959,167	5,750,408	3,170,068	3,786,893
Fixed assets, net - - - -	5,057,317	5,280,347	6,373,575	7,803,720	6,183,825
Total assets - - - -	22,899,935	23,886,683	20,212,461	21,178,277	18,137,661
Long-term liabilities - - -	2,975,813	3,986,900	3,450,850	4,409,432	4,450,563
Shareholders' equity - - -	15,261,391	13,249,757	11,718,077	10,933,659	9,774,129
<b>Per Common Share</b>					
Net earnings from					
operations per share - -	.67	.58	.48	.40	.35
Dividends per share - - -	.26	.25	.15	.13	.13
Book value per share - - -	3.65	3.19	2.82	2.66	2.38
Number of shares outstanding	4,186,428	4,158,478	4,148,828	4,113,828	4,101,828
(1) Taxes were reduced by the following amounts by the application of pre-acquisition losses of a subsidiary company acquired in 1965 - -	—	—	109,000	207,000	235,000



LOUIS COLLINS - - - - - President and Chief Executive Officer

CRUSH BEVERAGES LIMITED

D. E. P. ARMOUR - - - - - Vice-President and General Manager

P. DAQUIST - Vice-President

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GINI INTERNATIONAL LIMITED

CRUSH INTERNATIONAL INC.

F. S. O'DONNELL - - - - - Vice-President and General Manager

R. F. J. DEES - - - - - VICE-President Finance

W. L. EASTEN - Secretary

NORMAN MIRSKY - - - - - President

P I L E P I A N E Assistant Secretary



## CRUSH INTERNATIONAL LIMITED

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### Operating in over 50 Countries

#### OFFICES

CANADA (*Head Office*) :  
1590 O'Connor Drive, Toronto 375, Ontario

UNITED STATES :  
2201 Main Street, Evanston, Illinois 60204

SOUTH AMERICA :  
Avenida Franklin Roosevelt, 84 Rio de Janeiro, Brazil

#### SUBSIDIARY COMPANIES

Beverages International Inc.  
Crush Beverages Limited  
Crush International (U.K.) Limited  
Crush International Inc.  
Crush Industria De Concentrados Ltda.  
Gini International Limited  
Inter-American Orange-Crush Company  
International Beverage Services Inc.  
Orange Crush Products Company, Limited  
Pure Spring (Canada) Limited

#### HOLDING COMPANIES

The Hires Company  
Orange Crush Company

#### PRODUCTS

Orange CRUSH  
Lemon-Lime CRUSH  
Grape CRUSH  
Grapefruit CRUSH  
Cream Soda CRUSH  
Strawberry CRUSH  
HIRES Root Beer  
SUN-DROP  
KIK Cola  
AMERICA DRY Ginger Ale  
AMERICA DRY Club Soda  
AMERICA DRY Tom Collins  
AMERICA DRY Grapefruit-Lemon  
GURD'S Dry Ginger Ale  
VÉE DE VÉE  
OLD COLONY Beverages  
AMERICA DRY Canned Beverages  
CRUSH Canned Beverages  
HIRES Canned Beverages  
CRUSH Fountain Syrups  
HIRES Fountain Syrups  
PURE SPRING Dry Ginger Ale

PURE SPRING Flavours & Mixers  
GINI Bitter Lemon  
UPTOWN  
HONEE-ORANGE  
HONEE-GOLD Orange  
BRIO CHINOTTO  
INDIA EXPRESS Tonic Water  
EXPORT Canned Soft Drinks

#### MASTER FRANCHISE FOR CANADA

ROYAL CROWN Cola  
DIET-RITE Cola  
ROYAL CROWN Canned Soft Drinks  
DIET-RITE Canned Soft Drinks

#### CONCENTRATE AND PROCESSING PLANTS

Canada : Toronto, Ontario (2) ; Ottawa, Ontario ;  
Montreal, Quebec

United States : Evanston, Illinois ; Trenton, New Jersey

South America : Montevideo, Uruguay ; Rio de Janeiro, Brazil

#### BANKERS

Canadian Imperial Bank of Commerce, Toronto, Ontario  
American National Bank and Trust Company, Chicago, Illinois  
Madison Bank and Trust Company, Chicago, Illinois

#### TRANSFER AGENT

Crown Trust Company, Montreal, Toronto, Winnipeg  
and Vancouver

#### LEGAL COUNSEL

Fraser & Beatty, Toronto, Ontario  
Kirkland & Ellis, Chicago, Illinois  
Baker & McKenzie, Chicago, Illinois

#### SHAREHOLDERS' AUDITORS

Coopers & Lybrand, Toronto, Ontario  
Lybrand, Ross Bros. & Montgomery, Chicago, Illinois

#### ADDRESS ALL COMMUNICATIONS TO

The Assistant Secretary, Crush International Limited,  
1590 O'Connor Drive, Toronto 375, Ontario



### OUR PLEDGE

Crush International Limited takes pride in the excellence of its products. To create and produce beverages of unsurpassed freshness, purity and quality is our highest aspiration . . . our constant aim. Thus it is with confidence that we publish this symbol as an honest and unconditional guarantee. We pledge our untiring diligence in maintaining our exacting standards of production . . . in supplying beverages of delicious fresh flavour and wholesome healthful goodness.



# AR45

## Semi-Annual Report to Shareholders

for the six months ended April 28, 1971



CRUSH INTERNATIONAL LIMITED

## Semi-Annual Report 1971

To the shareholders of Crush International Limited:

Consolidated net profit for the first six months of our current fiscal year was \$602,269, or 14.4¢ a share on gross revenue of \$14,418,094. The comparable profit during the same period a year ago was \$528,947, or 12.7¢ a share on gross revenue of \$14,263,824. The 1970 figures have been recast to give effect to the rate of exchange used in 1970 financial statements while the figures for the first six months of our 1971 fiscal year are at par with U.S. dollars.

Gross Revenue was affected by can sales in the United States which were formerly produced for our account and are now produced from concentrate sold through franchised bottlers. This accounted for a difference in dollar volume of approximately 5% of gross sales.

Fountain sales also showed a slight decrease as a result of a price increase to the trade which temporarily reduced orders. We expect to regain a good portion of the lost business before the year end.

In other divisions sales and profits showed further increases and with the heavy selling period ahead, we look for another satisfactory year.

Selling prices of products produced in Company owned branches in Canada, franchise concentrate in Canada and wholesale fountain syrup to trade accounts in the United States, have all been adjusted upwards to offset the increased costs absorbed over the last year and while we hopefully look forward to stabilized prices from our suppliers, we can expect some adjustments resulting from further labour wage increases. Our price structure and costs are fair and well in line with competition and our prospects for continuing the long-term growth pattern are excellent.

A successful programme of introducing GINI, our bitter lemon drink, is well underway in France and by year end should see good distribution throughout that country. Prospects for expanding the European market are encouraging. Other international markets, principally in Mexico, Central and South America and the Middle East are showing good sales and profit growth. The outlook in these markets, despite some economic uncertainties, remain promising with many opportunities for continued development.

The U.S. Federal Trade Commission has indicated plans to take action against seven soft drink companies in the United States including your Company, attacking the validity of territorial franchising. We intend to defend fully the integrity of our agreements with our bottlers. This action could result in a lengthy legal dispute although there is a chance that new legislation would amend the present act to exclude territorial restrictions from the soft drink industry. We are hopeful some "rule of reason" will prevail.

Your Company has been involved actively in establishing pollution controls as they relate to our containers. Good common sense must prevail as banning packages is short-term planning and must be restricted in a sound and economical manner if it is to be effective. Briefs have been submitted to government leaders and some progress has developed. It is our intention to use our best efforts to serve the interests of the general public as well as those of our industry, shareholders and employees.



# CRUSH INTERNATIONAL LIMITED

The unaudited highlights for the first six months of the fiscal years are as follows:

	Six Months Ended	
	April 28, 1971	April 29, 1970
Gross Operating Revenue . . . . .	\$14,418,094	\$14,263,824
Net Earnings before Income Tax . . . . .	1,043,269	924,212
Provision for Income Tax . . . . .	441,000	395,265
Net Earnings . . . . .	\$ 602,269	\$ 528,947
Earnings per Common Share . . . . .	14.4¢	12.7¢
Shares Outstanding . . . . .	4,180,478	4,155,978

## Consolidated Statement of Source and Use of Working Capital

(Unaudited)

	Ended Six Months	
	April 28, 1971	April 29, 1970
	(in thousands of dollars)	
SOURCE OF FUNDS		
Net earnings for the six months . . .	\$ 602	\$ 529
Add:		
Charges not requiring cash outlay —		
Depreciation . . . . .	224	233
	826	762
Deduct:		
Profit on sale of fixed assets . . . . .	(2)	5
Total from operations . . . . .	828	757
Issue of capital stock . . . . .	151	62
Disposal of fixed assets less additions .	—	999
9% Mortgage Receivable . . . . .	44	337
	1,023	2,155
USE OF FUNDS		
Additions to fixed assets net . . . . .	100	—
Dividends . . . . .	501	415
Reduction in Long Term Debt . . . . .	751	749
Goodwill — re: acquisition . . \$2,374		
Less 8% note . . . . . 1,296	—	1,078
	1,352	2,242
Decrease in working capital . . . . .	329	87
Working Capital — Beginning of six months . . . . .	6,959	5,750
Working Capital — End of six months .	\$ 6,630	\$ 5,663

## Rapport semi-annuel 1971

Aux actionnaires de Crush Internationale Limitée

Les bénéfices nets consolidés pour le premier semestre de notre exercice financier courant se sont élevés à \$602,269, ou à 14.4¢ par action sur un revenu brut de \$14,418,094. L'année dernière, pour la même période, ces bénéfices étaient de \$528,947 ou de 12.7¢ par action sur un revenu brut de \$14,263,824.

Les chiffres de 1970 ont été recalculés pour ajuster le taux du change appliqué dans les états financiers de 1970, alors que ceux du premier semestre de notre exercice financier de 1971 sont basés sur le change à la parité.

Le revenu brut s'est ressenti des ventes aux Etats-Unis de cannettes, autrefois entièrement à notre actif et qui sont maintenant concentrées entre les mains d'usines d'embouteillage concessionnaires. Ceci s'est traduit par une différence d'environ 5% des ventes brutes en dollars.

Les ventes de fontaines ont également accusé un léger déclin, par suite de la hausse des prix sur le marché qui a entraîné une diminution temporaire des commandes. Nous prévoyons regagner, avant la fin de l'exercice, une bonne partie de ces affaires manquées.

Dans d'autres secteurs, les ventes et les bénéfices montrent des augmentations, et étant donné la période de vente active qui approche, nous comptons sur une autre année satisfaisante.

Les prix de vente des produits provenant des succursales de la Compagnie au Canada, ceux des concentrés fournis aux concessionnaires au Canada, et le sirop de fontaine en gros pour les comptes commerciaux aux Etats-Unis, ont tous été ajustés à la hausse, afin de compenser l'accroissement des coûts amorti sur l'ensemble de l'année dernière. Nous espérons que les prix de nos fournisseurs vont se stabiliser et nous pouvons prévoir certains ajustements par suite d'une hausse ultérieure des salaires. Nos prix et nos coûts sont raisonnables et fort compétitifs. Aussi, nos perspectives pour la poursuite de notre plan d'expansion à long terme s'annoncent-elles excellentes.

L'introduction en France de notre boisson de citron amer GINI est en bonne voie et, vers la fin de l'année, elle devrait être répandue d'une façon satisfaisante dans les diverses régions de ce pays. Les perspectives pour l'expansion de nos produits sur le marché européen sont encourageantes. Sur d'autres marchés internationaux, principalement au Mexique, en Amérique Centrale et en Amérique du Sud, ainsi qu'au Moyen-Orient, nos ventes sont satisfaisantes et nos bénéfices à la hausse. En dépit de certaines incertitudes économiques, ces marchés restent prometteurs et offrent de nombreux débouchés pour une expansion continue.

La Commission du Commerce Fédéral américaine a fait connaître son intention d'entamer des poursuites judiciaires aux Etats-Unis contre sept sociétés de boissons non alcoolisées, dont la nôtre, visant à contester la validité des concessions territoriales. Nous sommes décidés à défendre vigoureusement l'intégrité de nos contrats avec nos embouteilleurs. Cette affaire risque d'entraîner un conflit judiciaire assez long; néanmoins, il n'est pas exclu que de nouvelles dispositions législatives viennent modifier la loi actuelle et supprimer les restrictions territoriales pour l'industrie des boissons non alcoolisées. Nous espérons que la "raison" l'emportera.

Votre Société s'est occupée activement du contrôle de la pollution en ce qui concerne nos contenants. Le bon sens ici doit prévaloir. Interdire des emballages est une planification à court terme. Il faut en arriver à une formule sûre et économique, si on veut qu'elle soit efficace. Nous avons adressé des mémoires aux chefs de gouvernement et nous notons un certain progrès. Nous sommes décidés à consacrer tous nos efforts à servir les intérêts du public, ainsi que ceux de notre industrie, de nos actionnaires et de nos employés.

Ce rapport semestriel est plus élaboré en vue d'informer nos actionnaires d'une façon plus approfondie de certains développements de notre Société, qui les intéressent plus particulièrement.

Au nom du conseil d'administration

Toronto, Ontario  
le 15 juin 1971

J. M. THOMPSON	L. COLLINS
Président du conseil	Président



# CRUSH INTERNATIONALE LIMITEE

Les principaux chiffres, non soumis à une vérification comptable pour le premier semestre de l'exercice financier en cours, s'établissent comme suit:

	Six mois terminés	
	le 28 avril 1971	le 29 avril 1970
Revenu brut d'exploitation . . . . .	\$14,418,094	\$14,263,824
Bénéfices nets avant l'impôt sur le revenu . . . . .	1,043,269	924,212
Réserves pour l'impôt sur le revenu . . . . .	441,000	395,265
Bénéfices nets . . . . .	\$ 602,269	\$ 528,947
Bénéfices par action ordinaire . . . . .	14.4¢	12.7¢
Actions en circulation . . . . .	4,180,478	4,155,978

## Etat consolidé de la provenance et de l'emploi du fonds de roulement

(Non-vérifié)

(Non-vérifié)	Six mois terminés	
	le 28 avril 1971	le 29 avril 1970
	(en milliers de dollars)	
PROVENANCE DES FONDS		
Bénéfices nets pour les six mois . . . . .	\$ 602	\$ 529
Ajoutez:		
Frais n'exigeant pas de déboursés		
Dépréciation . . . . .	224	233
	826	762
Déduisez:		
Profit sur la vente d'immobilisations . . . . .	(2)	5
Total de l'exploitation . . . . .	828	757
Emission de capital-actions . . . . .	151	62
Disposition d'immobilisations moins les additions . . . . .	—	999
Hypothèque à 9% à recevoir . . . . .	44	337
	1,023	2,155
EMPLOI DES FONDS		
Additions aux immobilisations . . . . .	100	—
Dividendes . . . . .	501	415
Réduction de la dette à long terme . . . . .	751	749
Achalandage — re: acquisition . . . \$2,374		
Moins billet à 8% . . . . . 1,296	—	1,078
	1,352	2,242
Diminution du fonds de roulement . . . . .	329	87
Fonds de roulement — Au début du semestre . . . . .	6,959	5,750
Fonds de roulement — A la fin du semestre . . . . .	\$ 6,630	\$ 5,663

# Rapport semi-annuel aux actionnaires

pour les six mois terminés le 28 avril 1971



CRUSH INTERNATIONALE LIMITEE